United Nations A/67/297 (Part I)

General Assembly

Distr.: General
10 August 2012

Original: English

Sixty-seventh session
Item 140 of the provisional agenda*
Report on the activities of the Office of Internal Oversight Services

Activities of the Office of Internal Oversight Services for the period from 1 July 2011 to 30 June 2012**

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in conformity with General Assembly resolutions 48/218 B (para. 5 (e)), 54/244 (paras. 4 and 5), 59/272 (paras. 1-3) and 64/263 (para. 1). It does not cover oversight results pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, as they will be submitted to the Assembly in part II of the report during the resumed sixty-seventh session.

During the reporting period, from 1 July 2011 to 30 June 2012, the Office of Internal Oversight Services (OIOS) issued 284 oversight reports, including 13 reports to the General Assembly and 46 closure reports. The reports included 807 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness. Of those recommendations, 65 were classified as critical to the Organization.

The financial implications of OIOS recommendations issued during the period amount to approximately $4.7 million. The recommendations were aimed at cost savings, recovery of overpayments, efficiency gains and other improvements. The financial implications of similar recommendations that were satisfactorily implemented during the period totalled approximately $2.5 million. The addendum to the present report (A/67/297 (Part I)/Add.1) provides a detailed analysis of the status of implementation of the recommendations and a breakdown of recommendations with financial implications. Pursuant to paragraph 1 (c) of resolution 59/272, Member States have access to OIOS reports upon request. The full titles of all OIOS reports are available online (www.un.org/Depts/oios/pages/rep_and_pub.html).

* A/67/150.

** Excluding oversight of peacekeeping activities, which will be reported on in document A/67/297 (Part II).

12-45987 (E) 170912

Please recycle

Contents

		Page
	Preface	3
I.	Introduction	5
II.	Internal initiatives	5
	A. Overall efforts to strengthen the functions of the Office of Internal Oversight Services	5
	B. Cooperation and coordination	7
	C. Impediments to the work of the Office of Internal Oversight Services	7
III.	Strengthening of the effectiveness of internal audit reports	8
	A. Assignment of audit ratings	8
	B. More efficient monitoring of recommendations	8
	C. Key oversight terms	9
IV.	Internal audit risk trend analysis	9
V.	Oversight results	15
	A. Internal Audit Division	15
	B. Inspection and Evaluation Division	27
	C. Investigations Division	28
VI.	Mandated reporting requirements	30
	A. Capital master plan	30
	B. United Nations Compensation Commission	32
	C. Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi	33
Annex		
	Overview of mandated reporting requirements	35

Preface

I am pleased to present the annual report on the non-peacekeeping activities of the Office of Internal Oversight Services (OIOS) for the year ending 30 June 2012. The report outlines the ongoing activities and results of work completed during that period, and initiatives under way to increase the efficiency and effectiveness of operations for which OIOS is responsible. I am pleased to report that the OIOS management team is making progress in all areas we had identified as requiring attention.

1. *Planning and priority-setting*. OIOS has developed a clear vision based on the expectations of our stakeholders and is actively monitoring its environment for signals that changes in priorities and direction may be warranted. We do this by maintaining contacts and relationships with clients and counterparts, and by participating in various committees and working groups as observers.

2. *Capacity to deliver*. OIOS is gradually making progress in resolving its long-standing vacancy issues. The vacancy rate stood at 15 per cent at the end of the reporting period. Further progress is anticipated once the results of the Investigations Division pilot project on peacekeeping operations are analysed and translated into a budget submission for consideration by the General Assembly.

3. *Delivering high-impact results*. OIOS has undertaken quality reviews in each of its divisions aimed at ensuring that we invest our resources wisely in high-risk areas that represent organizational exposure. The reviews are also expected to yield practical improvements to internal processes to reduce cycle time and improve the timeliness of product delivery, including through leveraging technology.

4. *Structural considerations*. OIOS is currently developing strategies to pool certain resources and centralize or standardize certain administrative functions, such as recruitment, to improve timeliness and efficiency.

5. *Adequacy of resources*. OIOS is examining its resource base to confirm its adequacy to ensure operational independence and flexibility to respond to emerging risks.

6. *Role of the Office of the Under-Secretary-General for Internal Oversight Services*. OIOS has developed logical frameworks, called programme impact pathways, to rationalize its activities and as a basis for monitoring productivity and timeliness. The addition of an Assistant Secretary-General, now on board, will help ensure OIOS is managing its own operations in a manner that is consistent with our philosophy of leading by example, consistent with the expectations of its stakeholders.

7. *Communications*. OIOS is revising its communications tools and developing new products to expand our outreach and effectiveness through cooperative efforts and more effective sharing of lessons learned from oversight results.

8. *Readiness to respond to external pressures*. OIOS is actively developing contacts and relationships that will enable us to anticipate and respond to emerging issues.

It has been a year already since we welcomed our two new divisional Directors, the Director of the Investigations Division and the Director of the Inspection and Evaluation Division. Their extensive experience and strong leadership is contributing new ideas and approaches that are welcomed by our clients.

I should also like to acknowledge the professional dedication of OIOS staff in achieving the results outlined in the present annual report. I am grateful for their commitment to the Organization and their openness to innovation. Finally, I wish to thank the Secretary-General, United Nations senior management, the members of the Independent Audit Advisory Committee and representatives of Member States for their support, encouragement and constructive feedback on OIOS activities over the past year, which have all been most welcome and constructive.

Carman L. **Lapointe**
Under-Secretary-General for Internal Oversight Services

I. Introduction

1. The Office of Internal Oversight Services (OIOS) was established by the General Assembly pursuant to its resolution 48/218 B to enhance oversight in the Organization. The Office is operationally independent, as stipulated by the Assembly, and assists the Secretary-General in fulfilling his internal oversight responsibilities in respect of resources and staff of the Organization through internal audit, monitoring, inspection, evaluation and investigation.

2. The present report, which provides an overview of OIOS activities during the period from 1 July 2011 to 30 June 2012, comprises five main sections, covering: internal initiatives; an internal audit risk assessment analysis; actions to strengthen the effectiveness of internal audit reporting; oversight results; and mandated reporting on oversight activities concerning the capital master plan, the United Nations Compensation Commission and the construction of additional facilities at the United Nations Office at Nairobi and the Economic Commission for Africa (ECA). An addendum to the present report (A/67/297 (Part I)/Add.1) provides a detailed analysis of the status of implementation of OIOS recommendations, a breakdown of recommendations with financial implications and a list of reports issued by OIOS during the reporting period.

3. With the exception of sections II and III and the addendum, which present statistics for all areas of OIOS work, the report does not cover oversight results pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, which will be presented to the General Assembly in part II of the report during the resumed part of the sixty-seventh session.

II. Internal initiatives

A. Overall efforts to strengthen the functions of the Office of Internal Oversight Services

4. OIOS aims to carry out its work with the highest standards of professionalism and efficiency. The present section highlights key initiatives undertaken during the reporting period to achieve this goal.

1. Strengthening of internal work processes and systems

5. OIOS is continuously working on improving its processes and procedures to meet the highest standards of quality, while delivering objective oversight results that make a difference. To this end, the OIOS divisions are subject to periodic external quality reviews to independently validate our work and, in the case of internal audit, to ensure that the Office complies with the International Standards for the Professional Practice of Internal Auditing. The external reviews undertaken during the reporting period were as follows:

(a) In August 2011, the Institute of Internal Auditors conducted an external quality assessment of the Internal Audit Division and, in November 2011, issued its final report, indicating that the Division "partially conforms" to the International Professional Practices Framework mandatory guidance. In all, 11 recommendations

were received and action plans have been completed for three, relating to risk assessments conducted for clients, monitoring the implementation of recommendations, and adherence to the audit manual and/or audit software procedures. Once all the recommendations have been implemented, an external follow-up review will be conducted to confirm general conformity with the mandatory guidance.

(b) OIOS has commissioned a four-person independent panel of outside experts to carry out a comprehensive review of the Investigations Division to assess the extent to which it is organized, managed and operating to achieve its mandate effectively and efficiently. The panel, which started its work in May 2012, should produce its report by late August 2012. Given the broad mandate of the panel, this review is the most comprehensive conducted since the establishment of the Investigations Division in 1994.

(c) OIOS engaged an external review team, including an expert panel, to examine how the Inspection and Evaluation Division carries out its functions for the United Nations Secretariat. The review was begun in March and is expected to be completed in late August 2012. The specific objectives of the review are (a) to help determine the extent to which the Division has informed and influenced decision-making in the Secretariat; (b) to identify how the Division can have a greater impact in providing independent assessments of programme performance; and (c) to ascertain how to enhance internal work processes, structures, methods and overall quality. The results will be used to improve the operations of the Division, where practical.

2. Cultivating a professional workforce

6. The training of staff is a critical element in ensuring high quality of work. OIOS is comprehensively assessing the knowledge, skills and abilities of its staff against needs and standards, in order to determine the training and additional human resources necessary to fill gaps detected in skill sets. Related initiatives during the reporting period are described below.

7. The external quality assessment of the Internal Audit Division recommended improving the professional development of audit staff. The Division is currently surveying competencies to identify capability gaps, both at the individual and group levels. The highest priority development areas will be assessed against the available professional development budget, and a development plan formulated. The Division's quality assurance programme is being reviewed and revised to ensure that key areas for development are highlighted.

8. The Investigations Division continues to develop its professional workforce to ensure high-quality work. The proper application of procedures and best practices, as well as lessons learned, forms an important part of regular refresher and induction training. Targeted training has addressed investigators' knowledge, abilities and technical skills in specific fields, such as procurement, digital forensics and quality assurance.

9. The Inspection and Evaluation Division organized a series of "lunchtime learning" events to enhance the learning aspect of evaluation, as envisaged in the strategic framework for the biennium 2014-2015 and as recommended by an external peer review. Three such sessions were held. The first brought together OIOS evaluators and senior officials from the Regional Commissions Office in New

York for a substantive discussion on evaluation methodology. In the second, OIOS facilitated a presentation and discussion of the World Bank's evaluation of the community-based response to HIV/AIDS. Staff of the United Nations Population Fund (UNFPA) and the United Nations Development Programme also attended this event. The third focused on ways to enhance productivity, to think better and to achieve a work-life balance.

B. Cooperation and coordination

10. OIOS coordinates regularly with other United Nations oversight entities, including the Board of Auditors and the Joint Inspection Unit, to ensure that potential gaps and unnecessary duplication and overlap in oversight work are minimized. Aside from sharing workplans, the Office holds bimonthly meetings with the Board of Auditors to discuss progress and issues of mutual interest. On an ad hoc basis and when issues of particular concern arise, the Office also has meetings with the Joint Inspection Unit. Furthermore, the senior representatives of those entities attend an annual tripartite meeting to discuss oversight coordination, among other things.

11. The Office recognizes the value and importance of fostering relationships with its functional peers. During the reporting period, OIOS professionals actively participated in their respective professional networks, as described below.

(a) The Inspection and Evaluation Division continued to play a role in the larger evaluation community of the United Nations. In May 2012, the Inspection and Evaluation Division was asked to conduct an independent review of the UNFPA evaluation policy, providing strategic advice to the Executive Director and Executive Board of UNFPA. Furthermore, as vice-chair of the United Nations Evaluation Group, the Director of the Inspection and Evaluation Division will work to promote and strengthen the evaluation functions in the United Nations so that they add value to the organizations they serve.

(b) The Internal Audit Division contributes actively to the work and meetings of the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Institutions. In September 2012, OIOS will host the forty-third such meeting, in Vienna.

(c) The Investigations Division continues to collaborate with and provide expert support to counterparts within the Organization. For example, the Division is involved in the current efforts aimed at further refining the Model Policy Framework for Agencies of the United Nations system to Consider for Vendor Sanction Procedures. Additionally, the Division is represented in the Intersessional Working Group on Investigations, Disciplinary Matters and Administration of Justice, established in 2011 by the Staff-Management Coordination Committee, and in the working group addressing the revision of administrative instruction ST/AI/371 on disciplinary measures and procedures. The Division also delivered investigations training to mission-based staff of special investigations units.

C. Impediments to the work of the Office of Internal Oversight Services

12. There was no inappropriate limitation of scope that impeded the work or independence of OIOS during the reporting period.

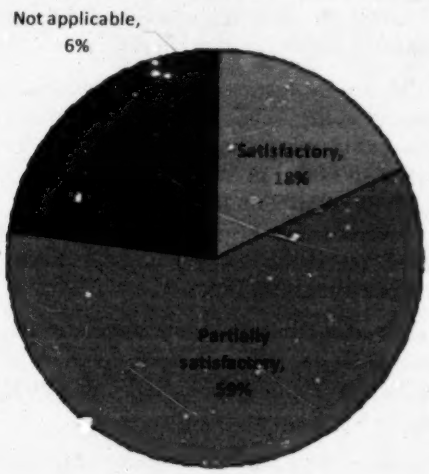
III. Strengthening of the effectiveness of internal audit reports

A. Assignment of audit ratings

13. In July 2011, OIOS began assigning ratings to overall opinions in internal audit reports regarding the adequacy and effectiveness of governance, risk management and internal control processes examined. These ratings, "satisfactory", "partially satisfactory" and "unsatisfactory", communicate clearly the level of assurance being provided on the basis of the audit work conducted, including the significance of any deficiencies identified.

14. The chart below shows the distribution of ratings for 127 internal audit reports, including on peacekeeping operations, issued during the reporting period.[1] Specific information on these reports, including overall opinion ratings and the number of critical and important recommendations issued, can be found in the addendum to the present report.

Figure I
Distribution of audit ratings, 1 July 2011-30 June 2012



B. More efficient monitoring of recommendations

15. In 2011, OIOS launched an initiative aimed at reducing the administrative burden associated with the large number of outstanding recommendations requiring follow-up, and thereby enabling managers to focus on more critical matters. As part of this process, in September 2011, OIOS examined all open internal audit and inspection and evaluation recommendations,[2] and reclassified them into three categories: "critical", "important" and "opportunities for improvement". A follow-up schedule commensurate with the urgency of implementation was adopted. The results of the review are presented in table 1.

[1] During the reporting period, 135 reports were issued; eight reports were not assigned ratings during the transition to the rating system.

[2] Recommendations issued by the Investigations Division were excluded from this exercise.

Table 1
Results of the recommendation review exercise

	Before review *No. of recommendations*	*Results of review* *No. of recommendations*	*Follow-up schedule*
	492 Critical	125 Critical	Quarterly
	956 Medium risk	1 099 Important	Annual
	18 Low risk	242 Opportunities for improvement	Followed up on subsequent relevant oversight assignments
Total	**1 466**	**1 466**	

C. Key oversight terms

16. OIOS is in the process of compiling and defining key oversight terms in consultation with the Department of Management and the Office of Legal Affairs, in conformity with General Assembly resolutions 64/263 and 66/236. This process has provided an opportunity for further reflection on and refinement of key oversight terms to ensure consistency and clarity among all stakeholders. In the coming months, OIOS will also consult with other oversight bodies, including the Board of Auditors, the Joint Inspection Unit and the Independent Audit Advisory Committee in order to adequately take into consideration their oversight terms and views, with a view to finalizing the project by the end of 2012.

IV. Internal audit risk trend analysis

17. In 2009, the Internal Audit Division conducted an analysis of high-risk focus areas. Focus areas refer to the key standard processes that are typically found in United Nations operations, based on the results of 51 risk assessments the Division had completed. The score in these risk profiles pertains to the percentage of times each focus area was considered to be high risk in the 51 risk assessments completed at that time.

18. In 2011, as part of its annual work planning exercise for calendar year 2012, the Internal Audit Division updated the risk assessments. The score in these risk profiles is different from that used in 2009 in that it is based on residual risk, taking into account the effectiveness of existing internal controls. The score is based on a matrix that cross-tabulates residual risks in each auditable United Nations entity by focus area. This methodology results in areas being identified as higher priority for audit. The scales used to rank the entity risk include quantitative measures, and qualitative aspects such as the nature and complexity of the entity and the environment in which it operates.

19. The outcome of this analysis shows that strategic management and governance, programme and project management, safety and security, procurement and contract administration and human resources management remained the highest risk focus areas in both methodologies used. Additionally, with the development of major systems, i.e., Inspira and Umoja, in the intervening period, information technology management was among the higher risk profiles in 2011.

Figure II
Risk profile in 2009

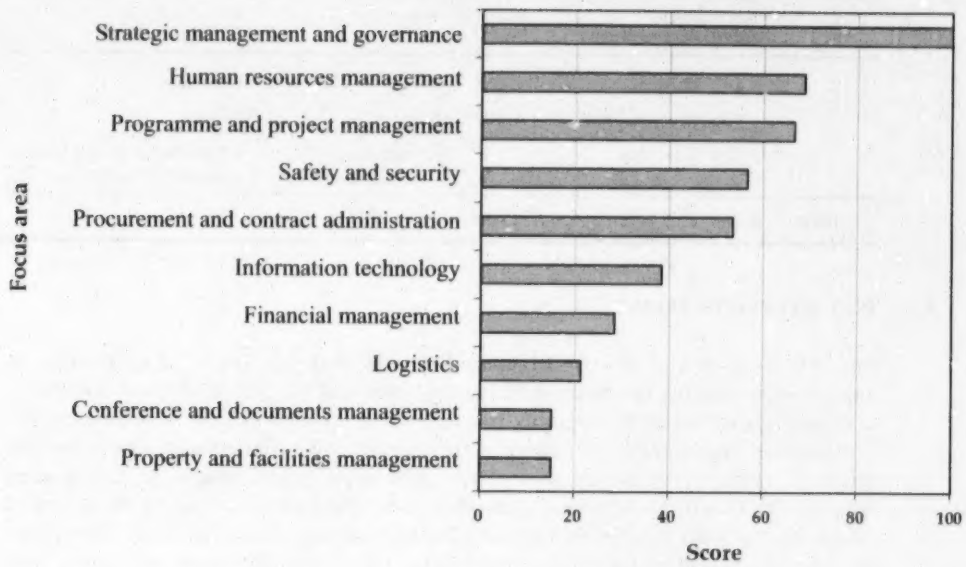
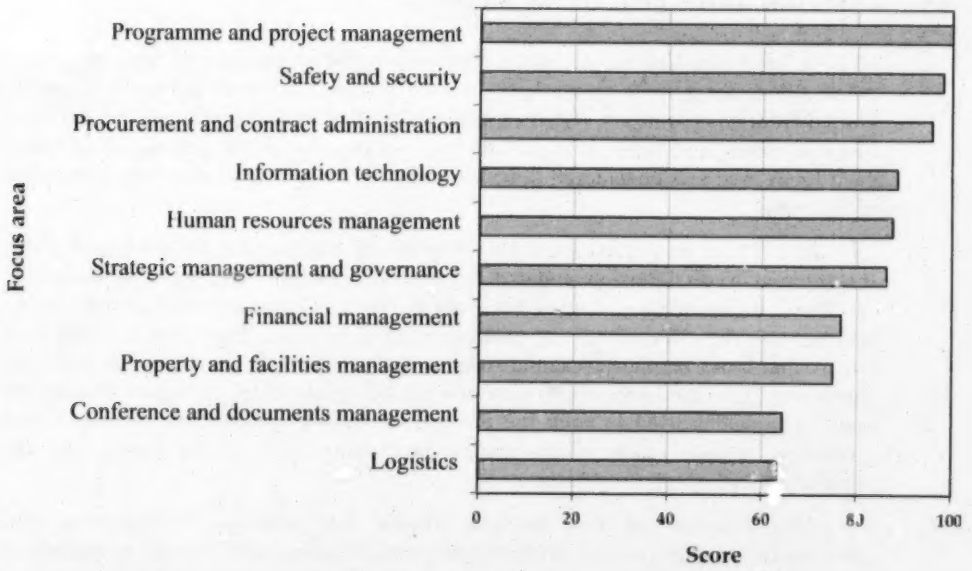


Figure III
Risk profile in 2011



20. In recognition of the high prevalence of the strategic management and governance focus area as high risk in most client entities, the Internal Audit Division developed a toolkit on auditing this subject. Similarly, in early 2011, the

Division started developing a standard audit toolkit for auditing programme and project management.

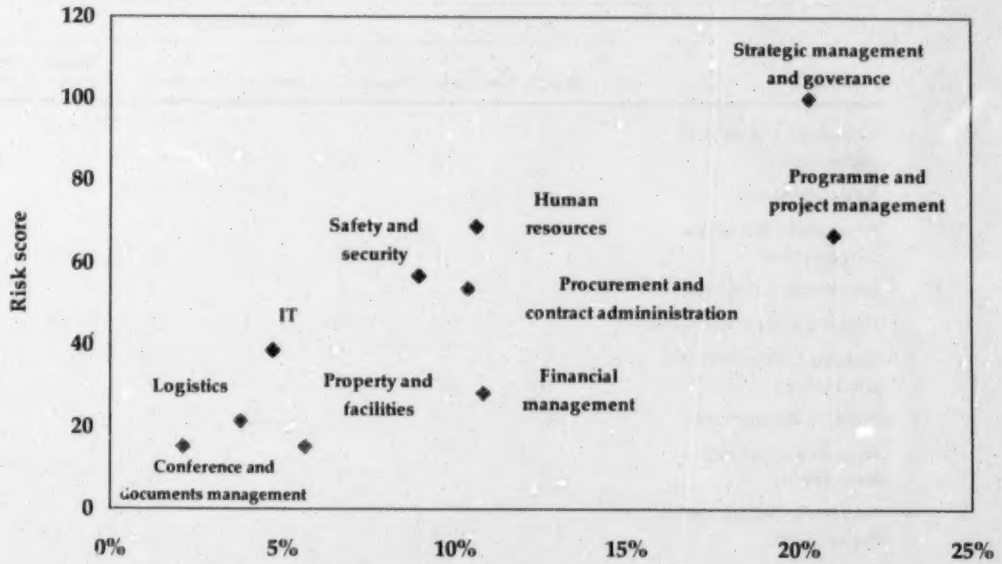
21. The Internal Audit Division is also looking at the preparedness of the Secretariat to implement the International Public Sector Accounting Standards (IPSAS) in its financial reporting by auditing the opening balances of the property, plant and equipment, and inventory accounts. The Division has required its staff to attend IPSAS training when made available and has organized web-based training for its staff on the auditing features/functionalities of Umoja.

22. Furthermore, the following horizontal audits are included in the Division's 2012 workplan to address the other high-risk focus areas: (i) safety and security; (ii) air operations; (iii) waste management and other selected programmes in peacekeeping missions; (iv) procurement of rations contracts; (v) pre-implementation audits of Inspira and Umoja.

Correlation between the 2009 risk profile and the recommendations issued by the Internal Audit Division from 1 July 2011 to 30 June 2012

23. Figure IV illustrates the correlation between the number of recommendations made by the Internal Audit Division during the reporting period and the risk score from the 2009 risk profile. The figure shows, for example, that the Division addressed the highest risk focus area, strategic management and governance, by issuing a number of recommendations to manage or reduce the risk.

Figure IV
2009 risk profile versus 2011-2012 recommendations



Analysis of recommendations by focus area and risk category

24. In the most vulnerable focus areas, the Internal Audit Division made recommendations to ensure that risks that could affect the mandate, operations or reputation of the Organization arising from the presence of strategy, governance, compliance, financial, operational, human resources and information risks (called risk categories) were properly managed.

25. During the reporting period, the Internal Audit Division issued the highest number of recommendations to improve:

- Programme and project management (89)
- Strategic management and governance (86)
- Financial management (46)
- Human resources management (45)
- Procurement and contract administration (44)
- Safety and security (38)

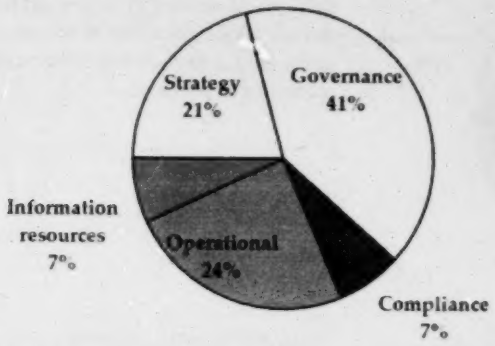
26. Looked at in terms of risk categories, most of the recommendations made in each of the above focus areas were meant to manage the presence of operational, compliance, information resources and governance risks.

Table 2
Number of recommendations issued by risk category and focus area, 1 July 2011-30 June 2012

	Risk category							
Focus area	*Strategy*	*Governance*	*Compliance*	*Financial*	*Operational*	*Human resources*	*Information resources*	***Total***
Programme and project management	7	5	12	5	47		13	**89**
Safety and security	1	2	9	1	21	1	3	**38**
Procurement and contract administration		1	12	4	26	1		**44**
Information technology			1		5		14	**20**
Human resources management		4	10	1	10	17	3	**45**
Strategic management and governance	18	35	6		21		6	**86**
Financial management		3	3	27	7		6	**46**
Property and facilities management			3		21			**24**
Conference and documents management		2			4	1	2	**9**
Logistics	1		3	1	4		7	**16**
Others					6		1	**7**
Grand total	**27**	**52**	**59**	**39**	**172**	**20**	**55**	**424**

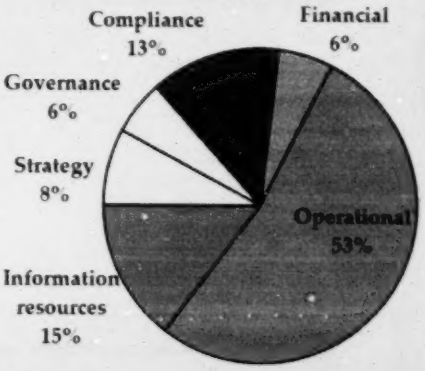
Figure V
Breakdown of recommendations by risk category for each focus area

Strategic management and governance



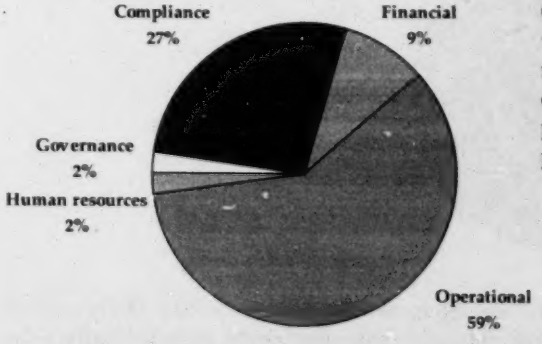
Strategic management and governance recommendations addressed the lack of adequate strategies, policies or monitoring and evaluation frameworks and the lack of clarity in mandates, terms of reference and delegation of authority.

Programme and project management



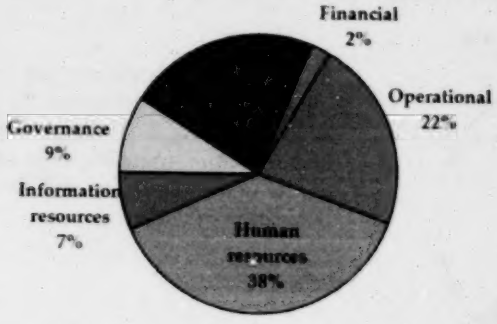
Operational recommendations addressed weaknesses in programme performance reporting, progress/performance monitoring and evaluation, benchmarks/indicators of achievement, or cost-benefit analysis/ feasibility studies of proposed programmes/projects.

Procurement and contract administration



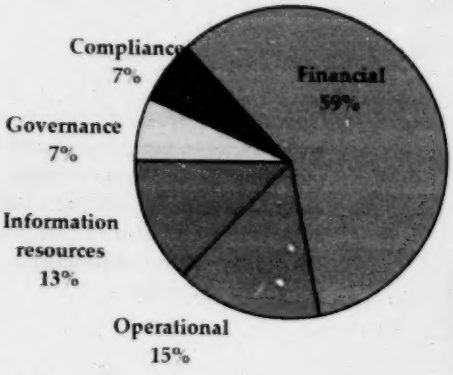
Operational recommendations addressed weaknesses in the administration and monitoring of contracts, and lack of compliance in the implementation of procurement procedures from acquisition planning to contract award.

Human resources management



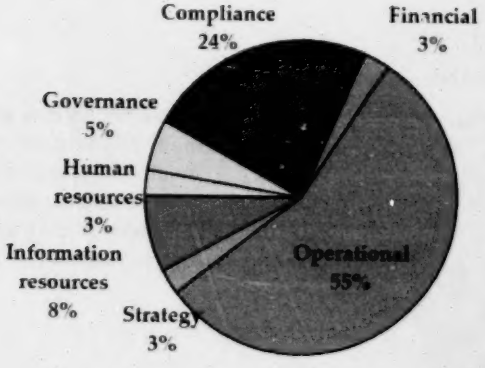
Human resource recommendations addressed the lack of adequate training plans and delivery to ensure effective performance of duties, while operational recommendations addressed issues of documentation of the recruitment process.

Financial management



Financial recommendations addressed weaknesses in the monitoring of funds for appropriateness of use and adequacy of budgets against expenditures.

Safety and security



Operational recommendations addressed weaknesses in air operations, such as non-compliance with aviation safety policies.

27. In consultation with senior management, the Internal Audit Division will continue to monitor events and/or emerging risks that could adversely affect the mandate, operations or reputation of the Organization.

V. Oversight results

28. The present section presents selected oversight results for the period under review.

A. Internal Audit Division

29. Audit results are classified within seven risk categories: strategy, governance, compliance, finance, operations, human resources and information.

1. Classification of audit results

30. Audit risk categories encompass adverse impacts on the mandate, operations or reputation of the Organization arising from the presence of:

(a) Strategy risk, including inadequate strategic planning; adverse or improperly implemented decisions; lack of responsiveness to changes in the external environment; and exposure to economic or other considerations;

(b) Governance risk, including failure to establish appropriate processes and structures for informing, directing, managing and monitoring the activities of the Organization; insufficiencies in senior management leadership; and the absence of an ethical culture;

(c) Compliance risk, arising from violations of or the failure or inability to comply with laws, rules, regulations, prescribed practices, policies, procedures or ethical standards;

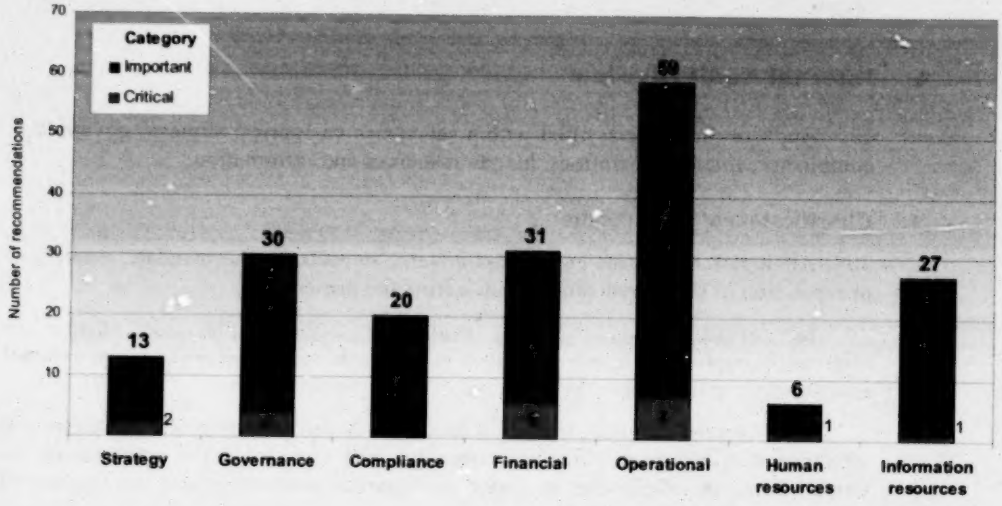
(d) Financial risk, arising from insufficient funding; inappropriate use of funds; inadequate management of financial performance; or unreliable financial reporting or disclosure;

(e) Operational risk, arising from inadequate, inefficient or failed internal processes or failure to conduct operations economically, efficiently or effectively;

(f) Human resources risk, arising from the failure to develop and implement appropriate human resources policies, procedures and practices;

(g) Information risk, arising from the failure to establish and maintain appropriate information and communications technology systems and infrastructure.

Figure VI
Audit recommendations on non-peacekeeping activities by risk category, July 2011-June 2012



2. Audit results by risk category

(a) Strategy risk

(i) Critical recommendations

Audit of human resources management of the Umoja project (AT2011/510/02)

31. *Need to develop a strategy for recruitment of Umoja core staff.* The change in the implementation strategy of the Umoja project required adapting the staffing structure and resource requirements of the project to manage high vacancy rates that could prevent it from meeting the project milestones. The project was significantly understaffed in four of the seven functional areas. OIOS recommended that the Department of Management develop a strategy for ensuring adequate and timely recruitment of core project staff. The Department of Management accepted the recommendation and introduced special measures for expediting the recruitment of project staff, including removing the Central Review Body review stage for Umoja job openings and shortening to 15 days the time during which vacancies are posted, with a disclaimer added to indicate the limited nature of the appointment. OIOS assessed this recommendation as fully implemented.

32. *Need to develop a strategy for recruitment of subject matter experts for Umoja.* The Department of Management had not determined the number of subject matter experts required for the current operational needs of the Umoja project. This raised concerns about the ability of the project to recruit sufficient experts for the revised implementation strategy, with particular regard to the build and deploy phases where contributions from the subject matter experts are critical. Furthermore, the Umoja team was unable to achieve the intended recruitment goals owing to the temporary nature of subject matter expert posts and the unresponsiveness of departments and offices in releasing staff and backfilling their posts. As of May 2011, only 19 of the 44 approved subject matter expert posts were filled and as at

January 2012, that number was down to 15. The Department of Management accepted the recommendation of OIOS that it develop a strategy for adequate and timely recruitment of subject matter experts and consider issuing instructions to all departments for the mandatory release of subject matter experts to the Umoja project. The Chef de Cabinet issued a memorandum on 2 July 2012 to all senior officials reinforcing the Secretary-General's position on the release of subject matter experts for Umoja. The Department of Management stated that, with the endorsement of the Umoja deployment strategy by the Umoja Steering Committee on 28 June 2012, the plan for the assignment of subject matter experts for deployment, training and testing-related activities could now be finalized. This plan will guide the selection and allocation of subject matter experts in the immediate future.

(ii) Important recommendations

Audit of human resources management of the Umoja project (AT2011/510/02)

33. *Need to hire consultants with the necessary technical competencies and skills.* Umoja did not have a mechanism to address the short-term needs for technical expertise, which is required in different areas of SAP[3] at various points during the project life cycle. The Department of Management accepted the recommendation of OIOS that it identify and establish a contracting modality that would allow the project team to: (a) address short-term needs for technical experts in SAP; (b) obtain negotiated rates for attracting qualified consultants; and (c) leverage the consultant rosters of other United Nations entities that have already implemented enterprise resource planning systems. The Umoja team has already exerted efforts to resolve short-term needs for technical experts in SAP by involving PD and the Office of Human Resources Management. Rosters of consultants have been requested for perusal by the Umoja team from United Nations agencies, funds and programmes that have implemented the enterprise resource planning software. The Department of Management confirmed that, as a temporary measure, rates had been negotiated for short-term specialized assistance from SAP. As a long-term solution, the Procurement Division and the Office of Legal Affairs have been negotiating general terms and conditions with SAP in order to establish a professional services agreement for services. When finalized and approved, the professional services agreement will function as an umbrella agreement. The following process has been recommended to enable Umoja to engage these services:

(a) Umoja would develop separate statements of work based on the standard template;

(b) Each statement of work would describe the scope of the services, the sole source justification for acquiring the services from SAP, the expected deliverables and acceptance criteria, the responsibilities of the parties, milestones, timelines, fees, invoicing/payment and other elements as applicable;

(c) Each statement of work would be separately funded through a requisition and purchase order, up to the ceiling of the Headquarters Committee on Contracts award;

(d) The signatures of the parties would be needed to execute the statements of work.

[3] Enterprise resource planning software.

Audit of the Office of the United Nations High Commissioner for Human Rights Regional Office for Southern Africa (AE2011/336/01)

34. *Need for the Office of the United Nations High Commissioner for Human Rights (OHCHR) to strengthen strategic planning at field offices.* The OHCHR Regional Office for South Africa did not fully comply with the strategic planning guidelines. There was no assurance that the office had prioritized its activities to focus on areas where it would add most value and that it had adequately assessed its risks and explored opportunities to collaborate with other actors as part of the preparation of its strategic plan. Non-compliance with the established strategic planning guidelines was attributed to the staff not being conversant with the requirements, and the review process at headquarters not being effective. OIOS recommended that OHCHR organize training or briefing sessions on the preparation of planning documents and develop a checklist to assist desk officers and section chiefs in the review of field office planning documents, to ensure that the strategies are prepared in compliance with established guidelines. OHCHR accepted and implemented the recommendation.

Audit of United Nations archives and records management (AH2011/513/01)

35. *Need to establish a strategic planning process for records management.* The Archives and Records Management Section did not establish records management strategies to achieve its objectives. A risk-based approach to records management would allow the Archives and Records Management Section and records managers to categorize and prioritize the records that they need to manage. Records of archival value would be identified in a systematic way, allowing the Section to plan for their long-term preservation and use. The Department of Management accepted the recommendation of OIOS that it develop an enterprise-wide strategic planning process for records management throughout the United Nations and determine appropriate levels of records management staffing through the programme budget mechanisms. The Department of Management planned to hold an internal strategic planning workshop in mid-2012 as a first step. The Department pointed out, however, that information management as a professional discipline was loosely defined and decentralized in the Secretariat. Some structures existed for enterprise-wide strategic planning for records management, including through the information and communications technology (ICT) bodies. The success of strategic planning for records management was linked to the success of the broader ICT and information/knowledge management strategy, and that strategy was still evolving.

(b) Governance risk

(i) Critical recommendations

Audit of Internet publishing and use of social media at the United Nations Secretariat (AT2010/521/01)

36. *Ineffective oversight and unclear roles and responsibilities for Internet publishing and use of social media.* Specific requirements for Internet publishing were defined in the provisions of administrative instruction ST/AI/2001/5, which encouraged all Secretariat units to establish Internet sites relating to their specific programme. Although those provisions addressed Internet publishing activities, they did not cover social media. In addition, the mandate, roles and responsibilities of the Publications Board in relation to Internet publishing and the use of social media

were not clearly defined and promulgated. There was no evidence that publications programmes had been reviewed since 2005, except for that of the Economic and Social Affairs Committee. Consequently, the Secretariat followed inconsistent approaches in its Internet publishing activities. The Department of Public Information accepted the recommendation that it initiate a review of Secretary-General's bulletin ST/SGB/2005/15. As a result, a new Secretary-General's bulletin (ST/SGB/2012/2) was issued on 29 March 2012, clarifying the roles and responsibilities of the Publications Board with regard to United Nations Secretariat publishing. OIOS assessed this recommendation as fully implemented.

Audit of the coordination of global advocacy and support for New Partnership for Africa's Development subprogramme (AN2011/840/01)

37. *Need for review of overall responsibility for the New Partnership for Africa's Development (NEPAD).* According to the current governance structure for the New Partnership for Africa's Development subprogramme (NEPAD, programme 9), the Office of the Special Adviser on Africa, ECA and the Department of Public Information have joint responsibility for the overall coordination and leadership of NEPAD. The placement of programme 9 under such joint responsibility seems at variance with General Assembly resolutions 57/7 and 57/300, which OIOS interprets as giving the Office of the Special Adviser on Africa sole overall responsibility for programme 9, and with the strategic framework for programme 9, which assigns the Office focal point responsibility for programme 9, i.e. overall programme coordination. The absence of a single authority for the programme makes its governance structure convoluted and prevents it from being led effectively. The Executive Office of the Secretary-General accepted the recommendation of OIOS that it review the overall responsibility for programme 9, with a view to ensuring more effective management accountability for programme 9.

(ii) Important recommendations

Audit of United Nations archives and records management (AH2011/513/01)

38. *Lack of policy on archives management.* Offices away from Headquarters and regional commissions undertook archival functions independently of the Archives and Records Management Section. There have been no transfers of archival records to the Section originating from those offices, and the United Nations Office at Geneva has issued guidelines assigning responsibilities for archives and records management to the United Nations Office at Geneva Library, which was in conflict with the mandate of the Archives and Records Management Section. While the Secretary-General's bulletin on record-keeping and the management of archives (ST/SGB/2007/5) refers to the archives of the United Nations Organization, in the absence of an archive policy clearly defining related roles and responsibilities, there was an increased risk of loss of sensitive and operational information. Department of Management accepted the recommendation that it develop, in collaboration with the Office of Legal Affairs, an archives regime that meets the needs of internal and external stakeholders. The Department of Management stated that it would liaise with the Office of Legal Affairs to revise the Secretary-General's bulletin, while the Office of Legal Affairs stated that it was ready to provide the necessary assistance.

Audit of United Nations Office on Drugs and Crime operations in Nigeria (AE2011/366/02)

39. *Need for adequate administrative support for larger United Nations Office on Drugs and Crime (UNODC) offices.* The UNODC country office in Nigeria was delegated authority for procurement and to engage international consultants and perform most of the actions required for the selection and appointment of staff as a result of the decentralization of the project approval system. However, the capacities of the field offices were not reviewed to ensure that the organizational structures were adequate to support the responsibilities associated with the delegation of authority. The UNODC country office in Nigeria had been without key management positions for an extended period and the delegation of authority without such a review presented management and financial risks. The country office accepted the recommendation of OIOS that it align its organizational structure with the roles, responsibilities and delegation of authority to ensure that the structure could provide the necessary administrative support functions. Key positions were created and updating of the organizational chart was envisaged to adequately sustain the office's operations and the implementation of its large programme.

Audit of the coordination of global advocacy and support for the New Partnership for Africa's Development subprogramme (AN2011/840/01)

40. *Need for strategic framework for NEPAD to be prepared jointly.* Despite the complexity and wide-ranging nature of its mandates, the Office of the Special Adviser on Africa did not have a formal process for identifying risks and opportunities related to its mandates under NEPAD (programme 9) and the coordination of global advocacy of and support for NEPAD (subprogramme 1). Further, although programme 9 is placed under the joint responsibility of the Office of the Special Adviser on Africa, ECA and the Department of Public Information, each of these entities prepares a strategic framework tailored to the subprogramme it is mandated to implement. These subprogramme-level strategic frameworks are submitted separately to the Office of Programme Planning, Budget and Accounts for compilation under programme 9. The heads of subprogrammes did not jointly sign off their strategic frameworks at the programme level. The production and submission to the Office of Programme Planning, Budget and Accounts and the General Assembly of three separate strategic frameworks for the subprogrammes and the lack of joint planning of activities do not give assurance that the three workplans are coordinated to ensure the overall coherence and effective management of programme 9. OIOS recommended that the Office of the Special Adviser on Africa propose to the Secretary-General a mechanism for the joint production and submission by the Office of the Special Adviser on Africa, ECA and the Department of Public Information of a strategic framework for programme 9 and the workplans related to the programme, in order to strengthen the coordination of NEPAD activities within the Secretariat. The Office of the Special Adviser on Africa accepted the recommendation, stating that work was under way to implement it.

(c) Financial risk

(i) Critical recommendations

Audit of the financial performance of the United Nations Environment Programme Mediterranean Action Plan (AA2010/220/05)

41. *Allotments were not supported by actual receipts of income.* The United Nations Environment Programme (UNEP) created allotments for projects without adequate controls to phase the allotments in line with actual budgeted income received. This resulted in negative fund balances totalling $5.1 million for two trust funds as at the end of the biennium 2008-2009 because the UNEP Mediterranean Action Plan had spent funds it did not have. The deficit was funded through inter-fund borrowing. OIOS recommended that UNEP establish adequate controls for the creation of allotments, to ensure commitments did not exceed available resources, and that it determine the accountability of UNEP staff for the creation of inappropriate allotments to fund Mediterranean Action Plan activities and for failure to detect the inappropriateness of allotments. UNEP accepted the recommendations of OIOS and explained that the adoption of a budget based on an overestimation of income led to the implementation of more programme activities than actual funding allowed, resulting in the financial deficit. UNEP further stated that a panel of qualified United Nations staff would be established to review the allotments issued and to provide findings and recommendations on possible negligence by any of the actors involved. UNEP has strengthened controls over the creation of allotments, including through presentation of the budget in a new format and the limitation of budget allotments, based on actual contributions received.

42. The budget proposals presented to the Contracting Parties to the Convention for the Protection of the Mediterranean Sea against Pollution for the period 1994-2011 included overestimations of income due to the inclusion of inappropriate sources of income, which remained undetected because of the non-involvement of UNEP headquarters in the budget preparation, review and clearance processes before the proposals were presented to the Contracting Parties and resulted in negative fund balances totalling $5.1 million for two trust funds as at the end of the biennium 2008-2009. The Office of Internal Oversight Services recommended that the Executive Director of UNEP request the Contracting Parties to reimburse funds spent on project activities approved by the Parties but not funded because of the overestimation of income in the budget proposals. UNEP in collaboration with the Contracting Parties has set up a multi-year recovery plan that consists of maintaining contributions at their current level while reducing the cost of the programme of work every year and using the surplus generated to offset the borrowing position progressively. As of June 2012, UNEP financial statements showed an overall positive fund balance of $4.2 million and an overall positive cash balance of $2.9 million, not taking into account the full expenditure to be incurred throughout the year.

43. *Need for improvement of Controls over management of cash advances to regional activity centres.* Owing to weaknesses in controls over the management of cash advances, UNEP had outstanding advances to regional activity centres and the Mediterranean Action Plan amounting to the equivalent of approximately $3.4 million and $2.6 million as at 31 December 2009 and 31 December 2010, respectively. In addition, there were discrepancies in outstanding balances of approximately $1 million between the records of the regional activity centres and

UNEP. The Office of Internal Oversight Services recommended that UNEP undertake a full review of its outstanding advances to each regional activity centre and take corrective action on discrepancies. UNEP accepted the recommendation and stated that it would undertake a further detailed review of outstanding advances and take corrective action concerning inaccuracies relating to currencies, programme support costs and exchange rate differences, in cooperation with the regional activity centres and the United Nations Office at Nairobi. Substantial progress in clearing outstanding advances had been made by reducing the balance by half as of January 2012.

Audit of conference services funding and costing arrangements at the United Nations Office at Geneva (AE2010/312/01)

44. *Need for structured assessment of conference servicing requirements.* The United Nations Office at Geneva Division of Conference Management had no control over the funding of its conference management services. There was no specific requirement for the Division to obtain a detailed projection of conference servicing needs from clients as part of the budget preparation process and the focus of the Division was on new and expanded mandates, not those that were static. Further, because of the policy of a zero growth budget, the Division could not assess accurate resource requirements in consultation with its clients. OIOS recommended that the Division of Conference Management, on the basis of substantive input from its clients and in full collaboration with them, conduct a structured assessment of the conference servicing needs of its clients to justify the requested resources in terms of the requirements of output delivery. The Division of Conference Management stated that it was a service provider without a substantive programme and thus did not determine its workload. The Division also explained that it had proved difficult for clients to forecast their requirements on a six-monthly basis. Therefore, expanding the exercise to cover the full biennium might prove problematic.

45. *Need for systematic review of the implications of funding gaps.* Workload indicators and statistics on conference management activities were not linked with the budgetary and costing indicators. The Division of Conference Management accepted the recommendation of OIOS that it systematically review the gap between budgetary allocations and the estimated resource requirements in order to assess the implications of funding shortfalls, and has initiated a systematic review of funding gaps. It has identified resource shortfalls and negotiated with clients regularly to reprioritize documents on a short-term basis. The Division was open to the idea of an integrated global approach to managing shortfalls and noted that the Department for General Assembly and Conference Management was the lead department for two related projects, namely a documentation processing system and a data warehouse. The framework for performance indicators has been finalized and is being codified in the new information technology system for documentation processing and data extraction being developed by the Department for General Assembly and Conference Management.

(ii) Important recommendation

Audit of selected conferences at the Economic Commission for Africa (AN2011/710/01)

46. *Conference cost plans were not inclusive of all funding sources and were not sufficiently justified.* The Economic Commission for Africa (ECA) did not prepare sufficiently justified cost plans including all funding sources for the three conferences organized by the ECA Conference Centre. Out of 11 extrabudgetary projects funding the three conferences, only four had cost plans prepared and submitted to the Partnerships and Technical Cooperation Office for allotments. There were no cost plans for the remaining seven extrabudgetary projects, which accounted for 35 per cent of the total extrabudgetary expenditure. Moreover, the requests for allotments did not provide detailed justification for each budget line activity, and did not include information on the availability of funds from the account under which the allotment was requested. This reflected a planning deficiency, with the risk of funds being allotted without proper justification, and prevented the Partnerships and Technical Cooperation Office from monitoring the utilization of funds properly. In addition, ad hoc funding arrangements without a comprehensive cost plan may prevent accountability and transparency. ECA accepted and implemented the recommendation of the Office of Internal Oversight Services that it prepare comprehensive cost plans identifying all funding sources supporting the conferences to ensure accountability and enable the Partnership and Technical Cooperation Section to allot and monitor the use of extrabudgetary funds. ECA stated that detailed cost plans had always been part of the documentation required for any major workshops, forums and meetings regardless of the funding source.

(d) Operational risk

(i) Critical recommendations

Audit of non-expendable property at Headquarters (AH2011/513/03)

47. *Need for property and inventory control procedures.* Controls over the accuracy of the non-expendable property records were inadequate. There have been several adjustments to the non-expendable property database since 2008 totalling approximately $60 million to adjust the differences between the actual balance in the inventory reports and the non-expendable property database. The differences were primarily due to acquisitions that had not been reflected in the database at the time of receipt and were only discovered during physical inventories. OIOS recommended that the Department of Management assist departments and offices to develop detailed procedures to enable them to maintain and update their property and inventory control records. The Department of Management accepted the recommendation and stated that it had proposed a plan for additional resources for a new property management unit, as recommended by a consultant, to undertake a number of tasks, including the development of policies, procedures, processes, manuals, etc. However, full implementation of the plan will depend on the availability of funding and approval by the Member States. Owing to uncertainty regarding the provision of long-term resources, temporary resources have been identified within the Department of Management to address immediate needs.

48. *Need for clarification of the methodology for physical inventory of non-expendable property.* The balances reported in non-expendable property inventory

reports were not supported by the results of the physical inventories as the timing of the counts bore no relationship to the dates of the related inventory reports. Physical inventories were carried out over extended periods, with no adjustments made for acquisitions and dispositions in the intervening period. The counts were also not well organized. It was not clear whether the Department of Management was using a perpetual inventory method to count non-expendable property or a periodic inventory system. The Department of Management accepted the recommendation of OIOS that it clarify the methodology for conducting the physical verification of non-expendable property to ensure that the results of the exercise can be used to confirm the existence of non-expendable property reported in the financial statements. The Department of Management explained that the timing of the implementation of that recommendation depended on the availability of resources and that departments needed to be held responsible for their asset records.

49. *Procedures for recording acquisitions under the capital master plan project were not yet developed.* As the completion of the renovation of the Secretariat and other campus buildings nears, it is essential that there be a more robust process for handover between Office of the Capital Master Plan and the Department of Management that would include the preparation of inventory lists of items supplied/installed and their value. The Department of Management accepted the recommendation of the Office of Internal Oversight Services that it finalize procedures for the handover of non-expendable property acquired under the capital master plan project. The Department of Management, with the assistance of an independent consultant, was in the process of implementing the recommendation.

50. *Monthly inventory reports could be a more effective control over the accuracy of the non-expendable property database.* Department of Management oversight of the central inventory of non-expendable property was ineffective because it lacked the capacity to conduct monitoring activities. Additionally, monthly inventory reports distributed to property record custodians to highlight any discrepancies in the recording of monthly non-expendable property movements (acquisitions and dispositions) were too detailed to facilitate the review of those reports. In its 2006 audit of inventory management, OIOS recommended that the monthly inventory reports be signed by heads of departments and offices on a six-monthly basis and that the Department of Management undertake spot checks to verify the non-expendable property inventory items held by departments and offices. However, implementation of these recommendations remains in progress. The Department of Management accepted the recommendation of OIOS that it strengthen its capacity to enable it to conduct monitoring activities over the management of non-expendable property more effectively, and stated that the timing of the completion of those activities depended on the availability of dedicated resources. Previous requests for funding from Member States had not been granted, thus preventing the Department of Management from addressing this urgent requirement.

(ii) Important recommendations

Audit of business continuity in the United Nations Secretariat (AH2011/513/02)

51. *Need for the business continuity plan to be tested by departments.* One year after the business continuity plan was issued, most departments/offices had not tested their respective components of the plan. The Department of Management accepted the recommendation of OIOS that it ensure that departments and offices

test their components of the overarching business continuity plan in a timely manner and monitor the implementation of recommendations. The Department stated that all United Nations Headquarters departments had been requested by the Crisis Operations Group in 2011 to test the telecommuting capabilities of their critical staff. Shortcomings that were identified during the tests were taken up by departments and further addressed. The departments will be requested to conduct a test of their telecommuting capabilities in 2012, the implementation of which will be reviewed by the Senior Emergency Policy Team during its planned meetings in the second and fourth quarters of 2012.

Audit of the Office for the Coordination of Humanitarian Affairs Regional Office for Latin America and the Caribbean (AN2011/590/03)

52. *Need for analysis of the sustainability of the National Disaster Response Advisors as a regional model.* The Office for the Coordination of Humanitarian Affairs had been using National Disaster Response Advisors in the Latin American and Caribbean region since 2006. Their purpose was to stay in a country for a set period to build the disaster preparedness and emergency response capacities of the national authorities. They also assisted and advised the country resident coordinators on disaster preparedness and emergency response. However, national authority personnel responsible for disaster preparedness and emergency response were often replaced following changes of government. This created a need for the National Disaster Response Advisors to stay and train new national authority personnel. OIOS recommended that the Office for the Coordination of Humanitarian Affairs undertake a study of the use of National Disaster Response Advisors to determine their sustainability as a regional model for building disaster preparedness and emergency response capacities. OCHA accepted the recommendation and stated that in 2012 it would conduct an independent evaluation of its role and activities in emergency preparedness focusing on its regional offices, given that preparedness activities accounted for a large part of their work.

Audit of the Department of Economic and Social Affairs Global Centre for Information and Communications Technology in Parliament Project INT05X73 (AN2011/540/01)

53. *Need to formalize a project exit strategy.* There was no formal exit strategy for the Global Centre for Information and Communications Technology in Parliament Project INT05X73, which was scheduled to end on 31 December 2011. Although a second phase of the project was being proposed for the period 2011-2020, it was not yet known whether the project would be extended. Without a clear and timely exit strategy there was a risk that the project's intellectual property assets, such as publications, working papers, workshops, handbooks, online databases, global and regional knowledge networks, and the pool of information and resources across legislatures around the world could be lost. The Department of Economic and Social Affairs accepted the recommendation of OIOS that it conduct the end-of-term evaluation and prepare an exit strategy for the Global Centre for Information and Communications Technology in Parliament Project INT05X73 prior to its extension or termination.

Audit of the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (AA2011/220/05)

54. *Need for rationalization of investment in the administrative services centre.* UNEP established the Administrative Services Centre for Europe as an organizational unit to provide administrative services to its Europe-based offices. However, the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was using the financial and human resource administration services of the United Nations Office at Nairobi and the United Nations Office at Geneva, and used the services provided by the Administrative Services Centre for Europe selectively. The CITES secretariat stated that it did not use the Administrative Services Centre for Europe because it was able to obtain faster service directly from the United Nations Office at Nairobi and the United Nations Office at Geneva. The secretariats of two other conventions administered by UNEP in Geneva also stated that they hardly used the services of the Administrative Services Centre for Europe. The availability of multiple service providers in the absence of a comparative analysis of costs and benefits could lead to inefficiencies and waste of resources. UNEP pointed out that the services provided by the Administrative Services Centre for Europe were complementary and not alternative to those provided by the United Nations Office at Nairobi and the United Nations Office at Geneva, but accepted the recommendation of OIOS that it conduct a cost-benefit analysis of services provided by the Administrative Services Centre for Europe in relation to those provided by the United Nations Office at Nairobi and the United Nations Office at Geneva in order to rationalize the investment in the Centre. The cost-benefit analysis is expected to result in a streamlining of the structure of the Centre.

Audit of safety and security at the United Nations Office at Nairobi (AA/2011/211/01)

55. *Need to clarify responsibility for implementing security actions.* Disagreement between the United Nations Office at Nairobi Security and Safety Service and Facilities Management Service arose over which of the two offices was responsible for implementing security recommendations contained in a report assessing the adequacy and effectiveness of the security in the new office facility in Nairobi. The United Nations Office at Nairobi accepted the recommendation of OIOS that it assign the responsibility for implementing the recommendations to ensure that action was taken accordingly.

(e) Information risk

(i) Critical recommendation

Audit of business continuity and disaster recovery at the United Nations Joint Staff Pension Fund (AT2011/801/03)

56. *Need to host the Investment Management Division primary data centre in a suitable location.* The location of the Investment Management Division primary data centre was not suitable for hosting and supporting primary data centre operations. The lack of a suitable location and support for primary data centre operations exposed the Investment Management Division to serious risks that could limit its ability to continue operating and recover within a reasonable period in the event of interruption. The Investment Management Division accepted the recommendation of OIOS that it complete the planned relocation of its primary data

centre to a suitable hosting facility as a matter of urgency and develop transitional measures for supporting and safeguarding its ICT operations pending the relocation. the Investment Management Division stated that together with the Fund secretariat it had agreed to relocate its ICT operations to the United Nations North American Data Centre in Piscataway, New Jersey and advised that the move would be completed by 30 June 2012.

B. Inspection and Evaluation Division

57. The OIOS Inspection and Evaluation Division workplan is based in large part on the results of the Division's periodic risk assessment, which takes into account a number of key indicators. Among these indicators, the size of an entity's budget continued to be weighted most heavily; other factors included the number of posts, number of duty stations, resources spent on evaluation and a range of performance measures drawn from senior management compacts and other sources. In addition to the programme risk assessment, the Inspection and Evaluation Division used a qualitative assessment process to determine priority areas for thematic evaluations, drawing from reports of the Secretary-General, the Chief Executives Board website, and topics to be covered in upcoming conferences across the United Nations system. High priority thematic areas identified in 2011/12 included the rule of law and the internal justice system. During the reporting period, the Inspection and Evaluation Division issued seven non-peacekeeping reports. Highlights from one of the reports to the General Assembly are provided below.

Review of the organizational framework of the public information function of the Secretariat (A/66/180)

58. OIOS reviewed the Secretariat's public information organizational framework in response to a request from the Secretary-General, pursuant to General Assembly resolution 62/236. The review documented the Secretariat's public information organizational framework, including resources dedicated to the public information function, in the Secretariat and Secretariat-affiliated duty stations, field missions and entities.

59. Public information is a cross-cutting Secretariat-wide function and involves any activity which raises public awareness of the ideals, activities, goals and accomplishments of the United Nations. The function undertaken initially by the Department of Public Information expanded over time to include work undertaken by other programmes, offices, departments and missions in promoting their respective mandates and activities. The review results showed a total of 2,113 posts dedicated to the function Secretariat-wide, with the majority of those posts, 74 per cent or 1,571, located away from Headquarters in other offices and field missions. Different budgetary sources funded the posts: the regular budget 48.3 per cent; the peacekeeping budget 38.9 per cent; extrabudgetary resources 12.4 per cent; and the peacekeeping support account 0.4 per cent.

60. While the Department of Public Information is the main department dedicated to disseminating public information, it does not have a formal mandated role for coordinating the function throughout the Secretariat. Formal coordination of public information system-wide is undertaken by the United Nations Communication Group, while coordination takes place informally between Secretariat entities,

including with the Department of Public Information, as well as other ad hoc informal networks. The focus of all coordination is on preventing duplication of work, saving time and ensuring a common message, and the coordination was viewed as efficient by focal points.

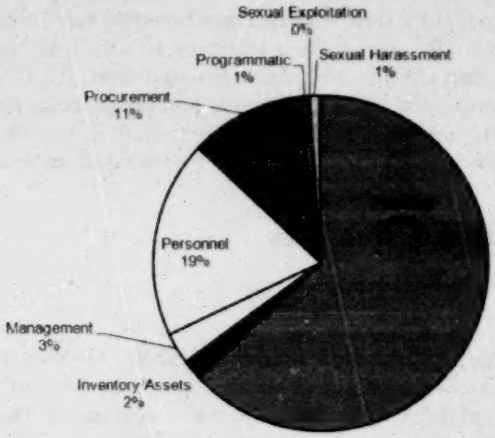
61. OIOS recommended that the Department of Public Information should develop and present to the Committee on Information an action plan that considered the roles and responsibilities for coordination of the public information function in the Secretariat, including: the roles of the Department of Public Information and other Secretariat entities; the priorities of any coordination activities; the need for a strategic plan for public information and communications in the Secretariat that outlined a vision and broad priority issues of commonality and addressed the priorities and vision of the Secretary-General for the function; and the need to maintain data on post and non-post resources with levels and funding sources dedicated to public information as presented in the report. The Department of Public Information did not agree that a strategic plan would allow the Organization to communicate more effectively. It further noted that the current structure, which combined a long-term communications policy approved by the Secretary-General with shorter-term communications priorities and campaigns, presented a pragmatic, flexible approach. It allowed the Organization to respond both to long-term mandates and breaking news. The Executive office of the Secretary-General stated that outlining a vision and setting broad priority issues was the Secretary-General's role and that the Department of Public Information needed dedicated resources to support the Executive Office of the Secretary-General in developing a strategic communications plan for executing those priorities.

C. Investigations Division

62. The Investigations Division conducts investigations on non-peacekeeping matters through investigators based in New York, Nairobi and Vienna. Between 1 July 2011 and 30 June 2012, 252 matters pertaining to staff involved in non-peacekeeping operations were brought to the attention of the Investigations Division. Those allegations comprised 43 per cent of all matters brought to the attention of the Division during the reporting period. After an evaluation of the allegations by the Investigation Intake Committee, 123 were assigned internally to an investigator for investigation, 68 were referred to other departments/offices for investigation and 98 were filed for information.[4]

[4] These figures include allegations received prior to the reporting period on which action was taken during the reporting period.

Figure VII
Predicated investigations, 1 July 2011-30 June 2012, by category



1. Investigation reports issued during the reporting period

63. In total, 27 non-peacekeeping investigation reports were issued during the reporting period. In 17 of these reports, the allegations were substantiated, while in 10 they were not.

Table 3
Completed non-peacekeeping investigations, 1 July 2011-30 June 2012

Finding	*No. of reports*
Substantiated	17
Unsubstantiated	10

Table 4
Non-peacekeeping operation investigation reports issued by fiscal year, as at 30 June 2012

Category	*2008/09*	*2009/10*	*2010/11*	*2011/12*
Financial	7	16	7	8
Inventory/assets	2	2	3	1
Management	5	3	9	1
Personnel	55	66	15	8
Procurement	8	8	7	7
Programmatic	0	1	2	0
Sexual exploitation	1	2	1	1
Sexual harassment	0	0	1	1
Grand total	**78**	**98**	**45**	**27**

64. Examples of substantiated allegations include findings that: (a) a senior staff member controlled a bidding exercise to favour a vendor who had previously been removed from the United Nations vendor list. This case is pending review by the Administrative Law Section; (b) a then staff member from another United Nations office influenced the award of a contract to a company to which he had previous links as a former owner; this staff member has separated from the Organization; (c) a senior staff member manipulated the recruitment process to secure the hiring of a personal friend; and (d) a United Nations vendor failed to comply with the conditions of air charter agreements by falsely certifying crew notification documents.

VI. Mandated reporting requirements

A. Capital master plan

65. In accordance with General Assembly resolution 62/87, OIOS is responsible for reporting on the activities of the Capital Master Plan Audit Section. OIOS has two auditors assigned to auditing the capital master plan operations. The approach continues to be risk-based, which conforms to the audit approach adopted by the Internal Audit Division.

66. During the reporting period, audits covered procurement, contract management, and financial management and reporting processes.

67. An audit report on capital master plan procurement and contract management, including change orders (A/66/179) was submitted to the General Assembly. OIOS concluded that the Office of the Capital Master Plan had established an appropriate internal control structure, with segregation of duties, to review and evaluate guaranteed maximum price proposals, in order to promote the attainment of best value. However, the controls and record-keeping relating to the procurement of trade contracts by the construction manager, Skanska, needed improvement to ensure the transparency and fairness of the procurement process. OIOS recommended that the Department of Management improve oversight and instruct Skanska to improve record-keeping. The Department of Management accepted the recommendations and the Office of the Capital Master Plan and the Office of Central Support Services took prompt action to remind Skanska of the procedures to be followed.

68. A Post-Award Review Committee had been established by the Assistant Secretary-General, Office of Central Support Services to conduct the technical review of change orders and compliance review of contract amendments. However, there was a large backlog of cases for the Committee to review and a need to reconsider working arrangements to ensure its relevance to ex post facto control. Subsequent to the audit, the Office of the Capital Master Plan stated the following:

> "The Post-Award Review Committee resumed its work and has been considering the cases, taking the risk analysis as a basis for prioritizing its work. As at 30 June 2012 a significant part of the backlog has been cleared.
>
> - A new chairperson and new secretariat have been put in place as at January 2012.
>
> - In consultation with the Board of Auditors and the Enterprise Risk Management Unit of the United Nations, the Post-Award Review

Committee decided to take a risk-based strategic approach to the review of cases. The Post-Award Review Committee is charged with the review of 234 amendments (26 per cent) valued at $314,881,874, which represents 35 per cent of the total value of all the amendments.

- In order to maximize the benefit of the review process, the Post-Award Review Committee secretariat devised a risk-based heat map in order to ascertain which contract amendments pose the greatest risk to the Organization. Heat maps have now been created for all contracts under Post-Award Review Committee purview.

- The Committee decided that it would look at the high risk cases (contract amendments that represent at least a 10 per cent increase from the original contract value) as a matter of priority. The number of amendments that fall under this category amounts to 119 or 51 per cent of all the amendments subject to review by the Committee. The 119 amendments have a dollar value of approximately US$ 204 million.

- As of the end of June 2012, the Committee had reviewed a total of 34 amendments with a combined value of approximately US$ 73 million. This includes all contract amendments for the Skanska basement contract, the North Lawn Conference Building, the Conference Building, and the first half of the Syska Contract B. Please note that one amendment includes several change orders reviewed separately under a single case.

- During the period January-June, the Post-Award Review Committee met twice for preliminary discussions (on the way forward and on the methodology for the risk-based approach) and four times for official contract amendment review sessions. Some of the cases were discussed electronically as well.

- The new risk-based approach has been presented to the Assistant Secretary-General of the Office of Central Support Services, and was in turn accepted. Three sets of meeting minutes (for the Skanska Basement Contract, Part 1 of Syska Contract B, and the North Lawn Conference Building) have been signed so far for 2012. Minutes for the Conference Building are pending submission."

69. The audit also indicated that, at the time, the reasons for initiating change orders were not adequately explained. OIOS recommended that justifications and accountabilities should be clearly recorded. The recommendations made as a result of this audit were accepted by the Office of Central Support Services or the Office of the Capital Master Plan, as applicable.

70. The audit of capital master plan project budgeting, financial reporting and payments (AC2010/514/04, dated 11 August 2011) considered the presentation of capital master plan financial information and the possible impacts on the budget of the following threats and uncertainties faced by the project:

- Associated costs
- Changes in scope or changes required because of unforeseen technical issues
- Reaccommodating staff as the capital master plan winds down
- The economic climate

71. OIOS concluded that the uncertainties could result in overexpenditure of the approved capital master plan budget. Most significantly, if associated costs and the cost of the secondary data centre were added to the original scope of the capital master plan, the projected overexpenditure would rise from $80.1 million to $259.4 million at the time of the audit.

72. OIOS made recommendations with regard to the presentation of financial information to the General Assembly. The Under-Secretary-General for Management agreed that the ninth annual progress report on the implementation of the capital master plan should include financing options for the associated costs and a format for clearly presenting the cost overrun. Also, the Executive Director of the Capital Master Plan stated that (a) proposals for courses of action to be taken with regard to the Dag Hammarskjöld Library, the cafeteria and the North Lawn Conference Centre and (b) major technical risks and uncertainties together with their likelihood and possible cost implications would be submitted to the General Assembly. The recommended changes were also incorporated in the ninth annual progress report.

73. In March 2012, the Office of the Capital Master Plan informed the General Assembly that the previously reported shortfall of $284 million had increased to $433 million. In its resolution 66/258 of 9 April 2012, the General Assembly requested OIOS to undertake an in-depth technical construction audit of the capital master plan, emphasizing the circumstances that led to the projected $433 million cost overrun, and to report the results to the General Assembly at the beginning of the main part of its sixty-seventh session.

74. After a competitive procurement process, a proposal from a professional services firm was accepted to carry out the in-depth technical construction audit, with the primary objectives of identifying the root causes of the $433 million shortfall, potential cost-saving measures and ways to keep projected costs within budget. The technical construction audit encompasses 13 specific tasks identified by OIOS and is on schedule for reporting to the General Assembly at the appointed time.

B. United Nations Compensation Commission

75. In accordance with General Assembly resolutions 59/270 and 59/271, OIOS presents details of its oversight activities relating to the United Nations Compensation Commission in the reporting period.

76. The Compensation Commission made available an amount of $50,000 per annum for internal audit resources. In 2011, OIOS utilized the resources to undertake an audit of Compensation Commission claims payments for the period from June 2010 to April 2011. The audit report (AE2011/820/01) discussed below was issued in September 2011. In addition to providing a status update to the General Assembly on the claims process, the report also gave an opinion on the adequacy and effectiveness of internal controls over the receipt of appropriate revenues into the Compensation Fund.

77. As at the end of June 2012, the Compensation Commission has paid $36.4 billion out of the total of $52.4 billion award payments, leaving a balance of unpaid awards of $16.0 billion, comprising six large awards payable to Kuwait. The

Compensation Fund receives 5 per cent of the oil export revenue of Iraq, as required by Security Council resolution 1483 (2003) and subsequent resolutions of the Council, most recently resolution 1956 (2010). The Commission continues to disburse award payments and to monitor environmental projects under its follow-up programme for environmental awards being undertaken by participating Governments with funds awarded for environmental damage.

78. *Audit of United Nations Compensation Commission claims payment for the period from June 2010 to April 2011 (AE2011/820/01).* The audit concluded that the Compensation Commission's governance, risk management and internal control processes in relation to the management of receipts and disbursements from the Compensation Fund were satisfactory during the period under review. On 1 July 2011, the oversight function for the Development Fund for Iraq was transferred from the International Advisory and Monitoring Board to the Committee of Financial Experts and the funding mechanism was transitioned to a post-Development Fund mechanism. The audit raised the need for the Compensation Commission to ensure the accuracy of future revenue to be deposited into the Compensation Fund, including through the establishment of procedures for the valuation and receipt of the 5 per cent of the value of non-monetary sales of petroleum products.

79. At the seventy-third session of the Governing Council, held from 1 to 3 May 2012, the Head of the Committee of Financial Experts advised the Governing Council that the mechanism for the valuation and transfer of 5 per cent of the value of non-monetary transactions had been approved by the Ministry of Finance of Iraq and, as a result, an amount of $109.9 million had been transferred to the Compensation Fund on 27 April 2012, in accordance with Security Council resolution 1956 (2010). In its conclusions, the Governing Council noted its satisfaction with the continued transfers of 5 per cent of the oil revenues of Iraq to the Fund since the transition of oversight to the Committee of Financial Experts, and with the Commission's positive working relationship with the Committee. The Council further directed the Compensation Commission secretariat to continue to engage regularly with the Committee regarding all payment and accounting mechanisms and to keep the Governing Council advised of any developments.

C. Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi

80. In accordance with General Assembly resolution 63/263, OIOS is responsible for reporting on the activities relating to the construction of additional office facilities at ECA in Addis Ababa and the United Nations Office at Nairobi.

81. OIOS conducted an audit of the construction of new office facilities at the Economic Commission for Africa (AP2011/710/01) and issued the audit report on 9 February 2012. The audit concluded that the governance, risk management and control processes examined were partially satisfactory in providing reasonable assurance regarding effective management and implementation of the construction project at ECA.

82. The project team was understaffed, with two of the six posts vacant since construction commenced in May 2010. This contributed to an excessive workload

fo the Project Manager and presented a risk to effective project management and control. ECA took early action to fill the two posts.

83. Disagreements between the contractor and project consultants over inaccuracies in the bill of quantities had resulted in a deduction of $263,000 from a contractor's invoice. In addition, it took six months to determine the correct amount to be paid. There was a risk that relations with the contractor could be jeopardized. On the basis of a recommendation of OIOS, ECA, in consultation with the Office of Legal Affairs, had fully settled the contractor's invoice. OIOS also noted that the contractor had not been submitting monthly invoices in accordance with the contract. On a basis of a recommendation of OIOS, ECA now requires invoices to be submitted each month.

84. In addition, the new office facilities design did not incorporate cameras and other security features that should have been integral to the design. The retrofitting of these security features would result in additional costs if action was not taken to incorporate them during construction. OIOS recommended that the Chief of the Security and Safety Service of ECA be kept informed of future construction projects and advised to ensure that integral security features are included in the projects during the design stage. ECA accepted the recommendation and stated that, for future projects, it would ensure that integral security features were included in the project design. The Security and Safety Service of ECA is now fully involved in the design and execution of internal and external security features of the building.

85. OIOS conducted an audit of the construction of additional office facilities at the United Nations Office at Nairobi (AC2010/211/01) and issued the audit report on 3 November 2011. The audit concluded that the United Nations Office at Nairobi had established effective controls in planning and executing the project, with support from United Nations Headquarters. The construction of the new office facilities at the United Nations Office at Nairobi was completed in December 2010 in accordance with the schedule. The total cost of the project remained within the $25.3 million approved by the General Assembly in resolution 63/263 in 2008. However, procurement rules were not fully complied with in a contract for the design, supply, installation and maintenance of the solar photovoltaic system costing $1.3 million, because it was considered a partial donation, with significant cost savings. The United Nations Office at Nairobi accepted the recommendation of OIOS that it ensure that procurement actions are carried out in accordance with the requirements. The Department of Management has requested the Director of Administration of the United Nations Office at Nairobi to submit the contents of the file relevant to the procurement of the contract for review, to determine what elements were at variance with the established procedures.

Annex

Overview of mandated reporting requirements

The categories of information to be included in the annual reports of OIOS are set out in the following documents:

(a) Secretary-General's bulletin ST/SGB/273, para. 28:

(i) A description of significant problems, abuses and deficiencies and related OIOS recommendations;

(ii) Recommendations not approved by the Secretary-General;

(iii) Recommendations in previous reports on which corrective action has not been completed (see A/67/297 (Part I)/Add.1, where applicable);

(iv) Decision from a previous period revised by management;

(v) Recommendations on which agreement could not be reached with management or with regard to which requested information or assistance was refused (see A/67/297 (Part I)/Add.1, where applicable);

(vi) The value of cost savings recommended and amounts recovered (see A/67/297 (Part I)/Add.1);

(b) General Assembly resolution 56/246:

(i) Information regarding the implementation rate of the recommendations of the previous three reporting periods (see A/67/297 (Part I)/Add.1);

(ii) Information regarding the impact of the reorganization of OIOS on its work;

(iii) Reporting separately on those recommendations that have been implemented, those that are in the process of being implemented and those for which no implementation process is under way, and the reasons for their non-implementation (see A/67/297 (Part I)/Add.1);

(c) General Assembly resolutions 57/292 and 60/282: reporting on oversight activities conducted throughout the phases of the capital master plan project in the context of the annual reports of OIOS;

(d) General Assembly resolutions 59/270 and 59/271: provision of internal oversight of the entire claims process of the United Nations Compensation Commission and reporting regularly thereon in the context of the annual reports of OIOS;

(e) General Assembly resolution 59/272: the requirement that annual reports contain titles and brief summaries of all reports of OIOS issued during the year (see A/67/297 (Part I)/Add.1);

(f) General Assembly resolution 62/87: the request that OIOS ensure effective audit coverage of the capital master plan and submit to the General Assembly all its reports related to its implementation;

(g) General Assembly resolution 63/263: the request that OIOS ensure effective audit coverage of the construction of additional office facilities at ECA in Addis Ababa and the United Nations Office at Nairobi;

(h) General Assembly resolution 66/236: encourages OIOS to continue to identify in its analysis in future annual reports general trends and strategic challenges over time regarding internal oversight in the United Nations, including an update on all critical recommendations and taking into account the risk category and the target date for implementation and the office concerned that is to be held accountable for such implementation.